



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution 231010.

Submitted Department/Preparer: Finance

Revised 11/01/23

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

Executive Summary

The ordinance authorizes and directs the sale, issuance, and delivery of sanitary sewer revenue bonds in an amount not to exceed \$120 million for the purpose of rehabilitating, expanding, and improving the City's Sanitary Sewer System. The ordinance also estimates \$6.4 million of gross premium proceeds and appropriates the funds for anticipated costs of issuance.

Discussion

The voters of Kansas City authorized in April 2022 the issuance of \$750 million in sewer revenue bonds for extensions and improvements to the City's Sewer system. In January 2023, the City issued \$95.9 million of sewer revenue bonds, leaving approximately \$654.1 million in remaining authorization. The prospective sale of bonds will seek to draw from the remaining balance of the authorization. This ordinance authorizes and directs the issuance of the Sanitary Sewer Revenue Bonds ("Bonds"), prescribes the form, detail and covenants of the Bonds, authorizes execution of documents and actions necessary for the bond sale, approves the legal and financial advisory engagements and estimates and appropriates \$6.4 million of proceeds related to the sale of bonds.

Fiscal Impact

1. Is this legislation included in the adopted budget? Yes No
2. What is the funding source?
Proceeds from the sale of Sanitary Sewer Revenue Bonds.
AL-8194 Sewer Revenue Bond Fund Series 2024A
3. How does the legislation affect the current fiscal year?
Ordinance Number 230925, passed by the City Council on November 9, 2023, estimated and appropriated \$107.2 million in bond proceeds for capital projects related to the

Sanitary Sewer System. This ordinance will authorize the sale of sewer revenue bonds to fund the appropriations and also pay transaction costs of the sale.

4. Does the legislation have a fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.

Estimated debt service, based upon a November 2023 analysis by the City's financial advisors, will be about \$7.8 million a year for a twenty-five-year term totaling approximately \$195 million. Debt service is expected to begin in fiscal year 2025 and will be payable from the net revenues of the Sanitary Sewer System.

5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?

The bonds will require the City to annually set rates and charges of the Sewer revenue system in amounts that will provide 1.10X coverage on debt service on all outstanding Sewer revenue bonds including the bonds that will be issued to fund this ordinance.

Office of Management and Budget Review

(OMB Staff will complete this section.)

1. This legislation is supported by the general fund. Yes No
2. This fund has a structural imbalance. Yes No
3. Account string has been verified/confirmed. Yes No

Additional Discussion (if needed)

N/A

Citywide Business Plan (CWBP) Impact

1. View the [FY23 Citywide Business Plan](#)
2. Which CWBP goal is most impacted by this legislation? Infrastructure and Accessibility (Press tab after selecting.)
3. Which objectives are impacted by this legislation (select all that apply):
- Engage in thoughtful planning and redesign of existing road networks to ensure safety, access, and mobility of users of all ages and abilities.

- Enhance the City's connectivity, resiliency, and equity through a better connected multi-modal transportation system for all users.
- Build on existing strengths while developing a comprehensive transportation plan for the future.
- Develop environmentally sustainable infrastructure strategies that improve quality of life and foster economic growth.
- Ensure adequate resources are provided for continued maintenance of existing infrastructure.
- Focus on delivery of safe connections to schools.

Prior Legislation

Ordinance No. 211044, passed on November 10, 2021, approved ballot language for submission to qualified voters for approval of authority to issue \$750,000,000 of sanitary sewer revenue bonds for the purpose of rehabilitating, expanding and improving the sanitary sewer system. Ordinance No. 230925, passed on November 9, 2023, approved the estimation and advance appropriation of sanitary sewer revenue bond proceeds in the amount of \$107 million for sanitary sewer capital projects.

Service Level Impacts

Sewer customer service levels will benefit long-term from projects completed in a timely and efficient manner. Service levels are impacted by a number of factors, but the quality of the assets utilized is critical.

Other Impacts

1. What will be the potential health impacts to any affected groups?
There will be no potential negative health impacts from issuing this wastewater revenue bond.
2. How have those groups been engaged and involved in the development of this ordinance?
N/A
3. How does this legislation contribute to a sustainable Kansas City?

The Wastewater system will be maintained and enhanced with improvements to wastewater assets and the City will be able to continue to meet the requirements of the Consent Decree at the lowest possible cost to current and future ratepayers.

4. Does this legislation create or preserve new housing units?

No (Press tab after selecting)

N/A

5. Department staff certifies the submission of any application Affirmative Action Plans or Certificates of Compliance, Contractor Utilization Plans (CUPs), and Letters of Intent to Subcontract (LOIs) to CREO prior to, or simultaneously with, the legislation entry request in Legistar.

Yes – CREO has approved the Contractor Utilization Plan (CUP).

Inter-Departmental Communication

Date: November 20, 2023

To: Councilmember Kevin O’Neill; Chair: Transportation, Infrastructure & Operations Committee

From: Jaime Guillen; Director; Civil Rights & Equal Opportunity Department

Subject: CUP Summary #:

CONTRACTOR: Hilltop Securities, Inc.

Address: 717 N. Harwood St., Suite 3400

Dallas, TX 75201

Contract # EV2267-21 – Financial Advisory Services for Series 2024A Water & Sewer Revenue Bonds

Contract Amount: \$305,500.00

MBE Goal 20%

WBE Goal: 0%

Total MBE Achieved: 20%

Total WBE Achieved: 0%

MBE SUBCONTRACTORS:

Name: Independent Public Advisors, LLC

Address: 5440 N. Mercier Ave.

Kansas City, MO 64118

Scope of Work: Financial Advisory Services

Subcontract Percentage: 20%

Ownership: Pooler, Tionna

Structure: African-American Female Code 19

Comments:

*Note: Contract amount includes reimbursable costs. The participation will be calculated based on the remaining contract dollars after reimbursable costs have been subtracted.

6. Does this legislation seek to approve a contract resulting from an Invitation for Bid?
No

7. Does this legislation seek to approve a contract resulting from a Request for Proposal/Qualification (RFP/Q)?
Yes. Approval of financial advisory services contract resulting from procurement EV2267.